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C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 002207

SIPDIS

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SUBJECT: DETAILS OF SETTLEMENT ASSETS IN THE GAZA STRIP

Classified By: Economic Counselor William Weinstein for reasons 1.4 (b) and (d)

1. (SBU) Summary: Isaac Gurvich, Economic Advisor to Vice Prime Minister Shimon Peres, provided Embassy with a CD-ROM containing data on settlement assets in the Gaza Strip. The CD documents eight agricultural settlements, eight community settlements, and one urban/suburban settlement with about 8,000 residents total in Gaza. The Gaza settlements have 5,000 dunams of cultivated land, of which over 3,000 dunams is covered by greenhouses and nurseries.

2. (C) Summary continued and comment: One surprise in the document was a reference to the disposition of water supplies currently piped from Israel to the settlers. The document states that the six million cubic meters (MCM) allocation of water will be returned to Israel after disengagement. This contradicts statements by the National Security Council staff and Vice Prime Minister Shimon Peres's office that supplies to Gaza would continue after disengagement. We will continue to clarify the GOI position and believe that this issue will be decided during the negotiations between the GOI and PA at the Trilateral Water Talks. End summary and comment.

General Description

3. (SBU) Isaac Gurvich, Economic Advisor to Vice Prime Minister Shimon Peres, on April 4 provided Embassy with a CD-ROM detailing information on settlement assets in the Gaza Strip. This is the information that Peres gave to the Aspen Institute in late February 2005. According to the data on the CD-ROM, there are 17 settlements in Gaza with approximately 8,000 residents. There are eight agricultural settlements, eight community settlements, and one urban/suburban settlement.

4. (SBU) There are approximately 3,000 residents in the agricultural settlements, with 740 planned estates and 433 populated estates. These settlements have about 500 housing units with an average of 120 square meters per unit. The land allotted to these houses covers 32,000 dunams, of which 5,000 is cultivated and includes 3,400 dunams of greenhouses and nurseries.

5. (SBU) The eight community settlements have 2,500 residents. There are 500 housing units with attached land and permanent construction. The houses average 135 square meters per unit.

6. (SBU) The urban/suburban settlement houses 2,500 residents in 550 housing units with an average of 135 square meters per unit. Within the settlement are nine educational facilities with 80 classrooms, and one boarding school with 100-150 rooms. The settlement also houses an abandoned hotel of 6,500 square meters plus shoreline. In addition, there are two industrial zones, Erez and Neve Dekalim, covering a total area of 1,000 dunams. Approximately 220 businesses operate in the zones, covering 120,000 square meters. Among the businesses are sewing and textiles, furniture-making, garages, asphalt, aluminum, iron, building supplies, plastic products, carpentry, welding, marble, jewelry, and restaurants.

Geographical Layout

7. (SBU) Northern Region:

- a. Nissanit: 1,000 residents, 180 housing units with attached land
- b. Ele Sinai: 350 residents, 80 housing units with attached land
- c. Dugit: 65 residents, 20 housing units with attached land
- d. Erez Industrial Area: gross area of 750 dunams, net area of 380 dunams, 110,000 square meters of constructed floor area

8. (SBU) Central Region (Netzarim Enclave):

- a. Netzarim: 390 residents, 70 housing units with attached land

9. (SBU) Southern Region (Gush Katif)

- a. Neve Dekalim: urban/suburban settlement, 2,500 residents, 550 housing units with attached land
- b. Neve Dekalim Industrial Zone: gross area of 226 dunams, net area of 132 dunams, 10,000 square meters of constructed floor area
- c. Bedolach: agricultural settlement, 190 residents, 40 housing units with attached land
- d. Gadir: agricultural settlement, 300 residents, 65 housing units with attached land
- e. Gan Or: agricultural settlement, 280 residents, 60 housing units with attached land
- f. Ganei Tal: agricultural settlement, 270 residents, 60 housing units with attached land
- g. Morag: agricultural settlement, 170 residents, 35 housing units with attached land
- h. Netzer Hazani: agricultural settlement, 320 residents, 65 housing units with attached land
- i. Atzmona: cooperative agricultural settlement, 570 residents, 120 housing units with attached land
- j. Katif: cooperative agricultural settlement, 340 residents, 70 housing units
- k. Peat Sadeh: community settlement, 110 residents, 25 housing units
- l. Kfar Darom: community settlement, 324 residents, 65 housing units
- m. Rafiah Yam: community settlement, 130 residents, 30 housing units
- n. Shalev: community settlement, 50 residents, 15 housing units

Summary of Real Estate Assets

10. (SBU) Housing: 1,500 housing units, including temporary trailers with 150,000 square meters of constructed floor area.

11. (SBU) Industry: 1,000 gross dunams, 500 net dunams, 120,000 square meters of constructed floor area.

12. (SBU) Agriculture: 5,000 dunams of cultivated land, including 3,350 dunams of greenhouses and nurseries.

- a. 5.3 million cubic meters (MCM) of water annually
- b. Two central packing plants, 10,000 square meters of constructed floor area
- c. A large plant nursery (the most advanced in Israel)
- d. A large dairy farm (four million liters of milk per year)

13. (SBU) Hotels: One hotel with 6,500 square meters of constructed floor area.

14. (SBU) Trade and Offices: 5,800 square meters of constructed floor area.

15. (SBU) Educational Institutions: Nine schools with 80 classrooms, a boarding school with 100-150 rooms.

Note: All numbers are approximate. End note.

Agriculture in Gush Katif

16. (SBU) A separate document on the CD-ROM entitled "Agriculture in Gush Katif" says there are 400 agricultural units in Gush Katif, each averaging 20 dunams for a total of 8,000 dunams of agricultural land. In addition, greenhouses are spread out over more than 4,500 dunams (Note: this number is higher than the figure provided in the first document. End note). The greenhouses are divided as follows:

- Ornamental plants: 450 dunams
- Tomatoes: 925 dunams
- Peppers: 920 dunams
- Spices: 480 dunams
- Pest-free vegetables: 1,200 dunams
- Vegetable greenhouses: 500 dunams
- Other (flowers, etc.): 30 dunams
- Open: 315 dunams

Orchards and citrus groves cover 500 dunams, and there are 400 milking cows and 400 calves in dairy farms. The total annual production of Gush Katif is valued at \$100 million, of which one-third is exported and two-thirds goes to Israel. As of December 2004, 3,200 Palestinians had permits to work in Gush Katif but only 2,300 were working. In addition, 750 foreign workers had permits but only 450 were working.

Water Usage in Gush Katif

17. (SBU) The document on Gush Katif continues that the residents use six MCM of water annually. Of that quantity, five MCM is for crop irrigation and one MCM is for households. The water is supplied from Israel via the Kissufim pipeline. The document notes that after disengagement, this water allocation will be returned to Israel and there will be no water to continue agricultural activities in the evacuated area. "It will therefore be necessary to identify another source of water supply to allow agricultural activities to continue in the area."

18. (SBU) According to the information in the document, there are 20 wells in Gush Katif that supply four MCM of fresh water to camps in the central Gush Katif area, such as al-Burej, Mouazi, Nitzirat, Khan Yunis, and Bnei Souhileh, and to Achza in the east and Shoket Hazofi in the south.

19. (SBU) The last point the document makes is that the greenhouses in Gush Katif are fully equipped with irrigation systems, heating, water and temperature controls, cooling grids, and fertilizer containers and pumps. The cost of a new greenhouse with this equipment is \$10,000, and the total cost of all the greenhouses in Gaza is about \$40 million. The document notes that a used greenhouse is valued at about half the initial cost.

Comment

20. (C) The statement that no water will be allocated around Gush Katif to continue agricultural activities after disengagement comes as a surprise to Embassy economic officers. GOI sources, including the National Security Council and Shimon Peres's staff, had previously told us that water would continue to flow, but the price would not include current subsidies to the settlers. At the April 7 meeting of the Trilateral Water Working Group, the Israeli Water Commission and the Palestinian Water Authority agreed to exchange information and coordinate actions related to water supplies and infrastructure, and disengagement (details reported septel). That process should help clarify Israeli intentions and may result in the Gush Katif supplies being made available to Gazans, albeit at a price. End comment.

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